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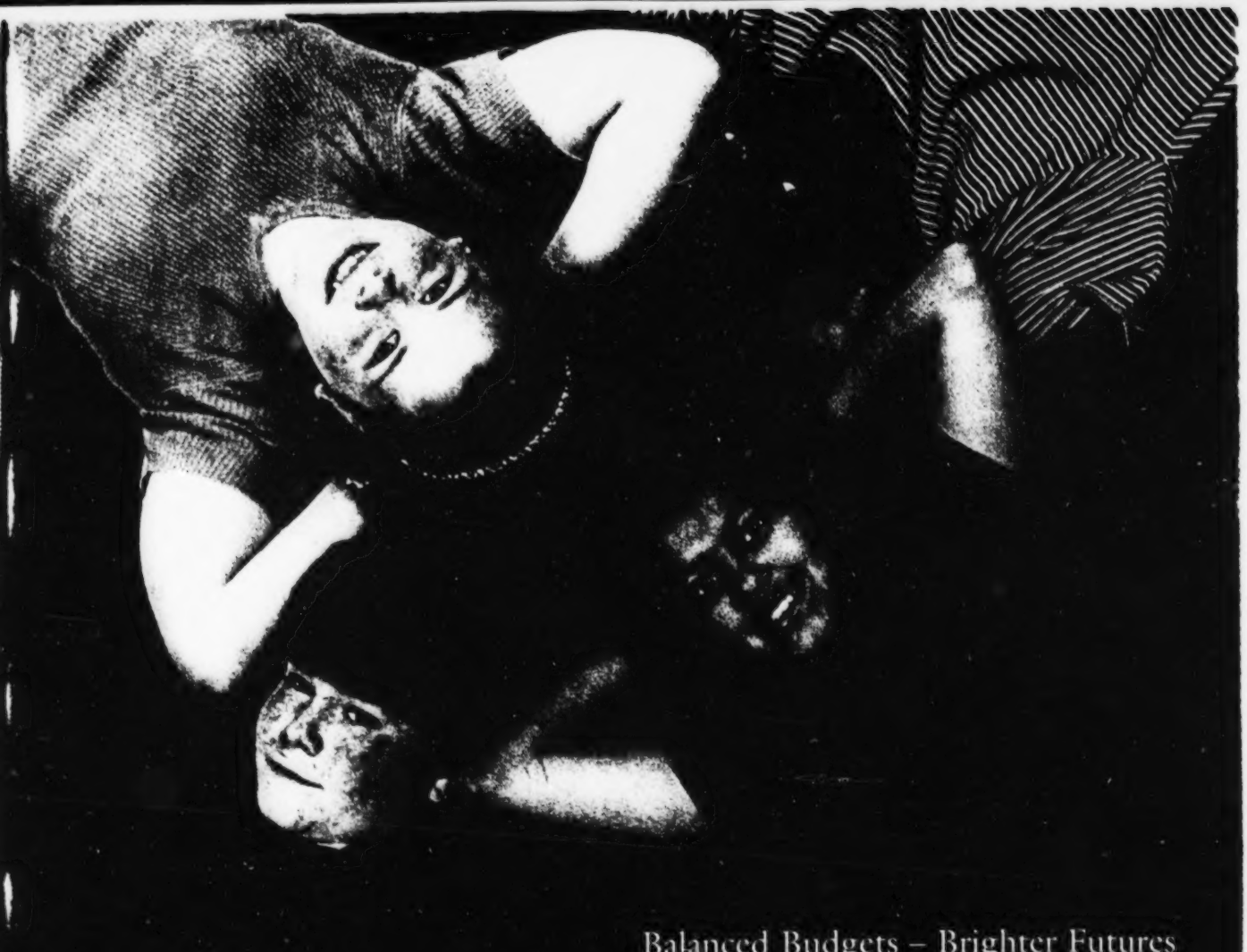

Balanced Budgets – Brighter Futures

Ontario Budget

2000

The Honourable Ernie Eves, Q.C.
Minister of Finance
Budget SPEECH

Presented to the
Members of the Legislative Assembly of Ontario by
The Honourable Ernie Eves, Q.C.
Minister of Finance
May 2, 2000

100-05153/

FOUNDATIONS FOR PROSPERITY

Mr. Speaker, the budget is balanced.

Balanced budgets mean brighter futures for all Ontarians.

"Never in the history of this province has a government at the end of five years in office been able to say that everything was paid for and that the net debt had been reduced."

Those were the words of Ontario Premier Leslie Frost in his balanced budget address of 1948. As we approach our Government's fifth anniversary I am proud to stand before you and say that, once again, the budget is balanced and the net debt has been reduced.

Ontarians believed we could balance the budget in June 1995 when we were faced with a projected deficit of $11.3 billion.

Ontarians believed we could balance the budget when government was spending $1 million more every hour than it was taking in.

Ontarians believed we could balance the budget even though they had lived through a 10-year cycle of tax, spend and borrow that choked Ontario's growth potential, killed jobs and eroded our economic health.

This is an important budget not just for our Government, but for all Ontarians. While it demonstrates the successes we have achieved together, it does much more than that. It establishes the framework for brighter futures—an Ontario with new opportunities and new challenges.

I would like to thank my good friend and Premier, Mike Harris, for the vision and leadership he has shown. His commitment to renewing prosperity in Ontario has been an inspiration.

I would also like to thank members of the Legislature and my cabinet colleagues whose advice has been tremendously helpful.

A great deal of work goes into the budget every year, Mr. Speaker. Without the assistance and support of my Deputy Minister Bryne Purchase, my Chief of Staff Jeff Bangs and everyone at the Ministry of Finance, this would not be possible. I appreciate the tireless efforts of the entire team over the past several months.

Thoughts of my daughter Natalie lead me to reflect on why I entered public life.

I believe, Mr. Speaker, we are all here regardless of political affiliation to try to provide a brighter future for the young people of our province.

The Natalies of today will be the leaders of tomorrow.

We are here, Mr. Speaker, to make it a better tomorrow for all Ontarians.

And I would like to thank the people of Ontario for the input they continually provide, the suggestions they gave me during pre-budget consultations and for the faith they put in us to deliver on our promises to them.

Mr. Speaker, that faith has paid off in a big way.

"We have made a commitment to balance the budget in the fiscal year 2000-01."

—1996 Ontario Budget Speech

Balancing the Books

When I stood before this House one year ago I reported that, on average, private-sector forecasters predicted the Ontario economy would grow by 3.8 per cent in 1999. We were excited about that prospect, Mr. Speaker, and we knew that our 99 tax cuts would play a big part in fostering that economic growth.

What we didn't know at the time was just how much growth.

The people of Ontario demonstrated how much.

They were the ones who created the 198,000 jobs across this province last year alone. In fact, Mr. Speaker, we have experienced the best two consecutive years of job creation in Ontario's history.

They were the ones who spent more of their money on homes, cars, furniture, computers, clothing, appliances and movies—a wide range of products and services that make the economy strong.

375,000 new jobs were created in 1999 and 2000—the best two consecutive years ever.

The end result, Mr. Speaker, is that in 1999 the Ontario economy grew not by 3.8 per cent as the private-sector experts predicted, but by a full 50 per cent more than that.

In fact, Ontario's real economic growth in 1999 was 5.7 per cent.

The Ontario economy grew faster than the economy of the United States.

The Ontario economy grew faster than the rest of Canada.

The Ontario economy grew faster than all of the industrialized countries in the G-7.

That growth was not just a figure in an economic plan, Mr. Speaker—it was felt in every region of Ontario.

It was felt:

By autoworkers in Windsor.

By high-tech workers in Ottawa.

By construction workers in Mississauga.

By pulp and paper workers in Fort Frances.

In the words of Leslie Frost,

"Let us think—not merely in terms of money value—not in columns of figures and decimals and statistics—but in terms of human values, of people, of development...."

Mr. Speaker, those are also the benchmarks by which our Government measures Ontario's progress today.

More people working, more people spending and stronger-than-expected economic growth resulted in provincial revenues surpassing our projections by an amazing $5.3 billion.

When we determined the size of our projected year-end surplus for 1999 we made some decisions that would help us accelerate our plan for the people of Ontario.

"We are thrilled that the deficit is being wrestled down and jobs are returning"

—David Surplis,

President, Council of Ontario Construction Associations

We invested in hospital construction and modernization.

We invested to secure post-secondary student spaces by expanding and renewing our colleges and universities.

And we wanted to give Ontario taxpayers some of their own money back.

Even after doing all of these things, we actually had a budgetary surplus of $654 million last fiscal year.

What all this means is that the budget was balanced in 1999-00—a full year ahead of schedule—and it is balanced again this year.

Two balanced budgets in a row.

Balanced Budgets – Brighter Futures.

"Balancing the Budget, eliminating the deficit and turning around the growth in debt are not ends in themselves– they are a means to an end."

—1996 Ontario Budget Speech

The last time the Ontario budget was balanced in two consecutive fiscal years was in 1942-43 and 1943-44. It was World War II, Mr. Speaker. Mackenzie King was the Prime Minister of Canada.

Four out of five people in Ontario today had not even been born. *Casablanca* won the Academy Award for best film.

While I am honoured to be the first Minister of Finance in more than half a century to announce two balanced budgets in a row, I am equally proud to be establishing the standard on which all future Ontario budgets will be based.

The Taxpayer Protection and Balanced Budget bill we passed last fall will ensure that, from today forward, consecutive balanced budgets will be the rule, not the exception.

And that is as it should be, Mr. Speaker, because, as we have always said, governments have no money. The money we spend belongs to the men and women who work hard to raise their families and pay their taxes. Our Government respects that.

We will not lose sight of that as we turn our energies to tackling the burden of debt and creating more certainty for future generations of Ontarians.

Tackling the Debt

Mr. Speaker, I am proud to tell you that we are beginning to dig Ontario out from the mountain of debt that has accumulated.

The $654 million surplus generated by our strong economic growth in 1999 has already been applied to reduce debt.

As a result of overachieving our budget target in 1999-00, net debt was actually $2.7 billion lower than had been projected in last year's budget.

I am very pleased to announce that, beginning with this fiscal year, I have doubled our reserve by $500 million to a total of $1 billion every year.

Our goal is to more than double our promised $2 billion in debt reduction to at least $5 billion during this mandate.

INVESTING IN THE FUTURE

Investing in Health Care for Ontarians

While we have worked to make Ontario deficit-free and to tackle the debt, we have continually increased our investment in those things that Ontarians told us were their priorities.

There is no doubt, Mr. Speaker, that health care is a top priority for Ontarians and for our Government.

Over the past year alone we have invested $1.4 billion more in health care. Since coming to office we have increased health care operating spending by $4.4 billion.

During that time the federal government reduced their funding to the program that supports health care by $1.7 billion. Not only have we made up for the federal reduction of $1.7 billion, we have also increased our own spending by $4.4 billion for a total of $6.1 billion new provincial dollars into our health care system.

"We commend the government for...introducing Bill 7, the Act to balance the budget. We encourage the government to continue to balance the budget, including the upcoming 2000 budget being introduced this spring."

—Joanne McGovern,

Director of Taxation, Alliance of Manufacturers and Exporters Canada, Ontario

In the future we hope the federal government will do the *right* thing. That they will become true partners in the health care system for the benefit of Ontarians and all Canadians. That they not only restore their cuts but that they become full partners in a new, innovative, restructured health care system.

"The priority our Government places on comprehensive health care means that we have not only maintained health care funding... we have increased funding to a record level."

—1997 Ontario Budget Speech

In 1995 we promised to invest no less than $17.4 billion in health care during our mandate.

In 1995-96 we invested $17.6 billion.

In 1996-97 we invested $17.8 billion.

In 1997-98 we invested $18.3 billion.

In 1998-99 we invested $18.9 billion.

In 1999-00 we invested $20.6 billion.

Ontario's strong economic growth will enable us to invest $22 billion in health care for Ontarians this year.

It was only a year ago that we promised to invest $22.7 billion in health care by 2003-04, and we will achieve that target by next year, Mr. Speaker—a full two years ahead of our promise.

The amount of money that government spends is not the only measure of good health care. Sustaining the quality of care that Ontarians deserve requires restructuring and reforming our health care system to keep up with new technology and meet the challenges for a growing and aging population.

That takes investment in the right areas. Our innovative partnerships with the private sector through SuperBuild mean larger and better investments in Ontario's health care priorities than any government could achieve on its own.

Mr. Speaker, as a result of our economic growth in 1999, we have invested an additional $1 billion in hospitals to help accelerate capital restructuring. This amount was enhanced by our partners through SuperBuild, bringing to $1.5 billion the total invested last year to modernize Ontario's hospitals and provide better equipment.

Health operating funding will be $22 billion this year, by far the largest amount in Ontario's history.

This is in addition to the $340 million the Government had already invested.

Primary care reform is pivotal to our vision of the future of health care—an accessible, integrated dependable system, providing comprehensive care to patients 24 hours a day, 7 days a week.

Ontario is at the forefront of primary care reform. It is our goal, working cooperatively with Ontario physicians, to have 80 per cent of eligible family doctors practising in primary care networks over the next four years.

Since 1995, the Ministry of Health has set up primary care pilot projects in seven communities with the cooperation and assistance of the Ontario Medical Association.

Today, I am announcing that we will spend $150 million beginning next year to provide for new information systems to support the transition to primary care networks.

We will further dedicate $100 million over the next four years to expand Ontario's primary care system.

We will enhance patient care through $110 million for improved medical supervision in home care settings and improved psychiatric services.

We will increase annual funding by $54 million for priority programs such as cancer care, end-stage renal disease and cardiac care.

We are establishing a $180 million System Management Fund and providing $75 million to transfer doctors in the Academic Health Science Centres to alternate payment plans.

In July 1999, our Government opened a telephone health advisory service for Northern Ontario. This toll-free Telehealth service gives callers access to experienced triage nurses who provide health care advice, information and referral.

We are now expanding this valuable service to the GTA and eventually to all communities across the province.

"As part of your restructuring plan, your government has provided much needed reinvestments in community-based services in Ontario and you have implemented policies that have led to more equity for all residents in terms of funding, access and accountability in the long term care sector."

—Vida Valtonis,
Executive Director,
Ontario Long Term Care Association

We are taking action to increase access to physicians' services, especially in rural communities. We will provide $4 million for free tuition to medical students willing to practise in rural and northern areas following graduation. We will endeavour to work with communities to assist with physician recruitment in under-serviced areas.

I am also announcing today that we will implement Dr. Robert McKendry's recommendations to increase the number of spaces for medical students.

As Premier Harris has always said, the reason we are undertaking our significant reform agenda is to ensure our health care system meets the needs of Ontarians today and tomorrow.

We are increasing our health care spending dramatically.

We encourage the federal government to join with us in reforming the system in Ontario and across the country and to finally become an *equal* partner in the future of health care.

"The R&D Challenge Fund marks a new competitively based approach to research funding."

—1997 Ontario Budget Speech

Dr. Cal Stiller, Chairman of the Canadian Medical Discoveries Fund, has said,

"The creation of the Ontario Research and Development Challenge Fund and the Ontario Innovation Trust has launched a new era of exploration and excitement in both the public and the private research communities here in Ontario. These investments position Ontario, for the first time, to compete strategically on a global scale. They will pay dividends for years to come."

The medical research community on Toronto's University Avenue alone is one of the largest concentrations of medical researchers in North America.

In last year's budget, I announced the creation of the $250 million Ontario Innovation Trust. It provides matching funding to Ontario colleges, universities, hospitals and research institutes for labs, high-tech equipment and other research infrastructure. In its first year the Trust has approved over $161 million in matching funding for 120 projects.

The unemployment rate has been reduced from 8.7 per cent in 1995, to 5.6 per cent in March 2000.

Today I am announcing that we are tripling the Trust with an additional endowment of $500 million for research infrastructure, including cancer research facilities.

Mr. Speaker, there are few families in Ontario today who have not felt the tragedy of a relative or friend affected by cancer. For this reason, I am also announcing that we are doubling funding for the Ontario Research & Development Challenge Fund to $100 million.

I have asked Dr. Stiller to head up a team to review and report back to the Government on the most effective way to launch a concentrated effort in the fight against cancer.

Breast and prostate cancer are two of the leading killers of women and men in Canada.

By harnessing the energy and talent of our research community we can make a meaningful impact on the lives of Ontarians for generations to come.

Strokes kill 20,000 Ontarians each year and are the leading cause of adult neurological disability. But new life-saving treatments offer opportunities to reduce death and damage from strokes.

We are proposing new funding of $30 million to link the Province with the Canadian Stroke Strategy. Together we will develop a comprehensive plan to prevent stroke and rehabilitate its victims.

Mr. Speaker, as part of our Government's commitment to the best possible customer service and improved accountability in the health care system, we will spend $10 million on a Patients' Bill of Rights.

Furthermore, hospitals will have their funding directly tied to how well they deliver on the services that matter most to Ontarians. The findings will be publicly reported through hospital report cards.

"The creation of the Ontario Research and Development Challenge Fund and the Ontario Innovation Trust has launched a new era of exploration and excitement in both the public and the private research communities here in Ontario."

—Dr. Cal Stiller,

Chairman, Canadian Medical Discoveries Fund

"We are spending our health dollars wisely and differently. Change is essential so we can serve an increasing population of seniors, and so we can make new technologies available to those who need them."

—1996 Ontario Budget Speech

Investing in Health Care

- $1 billion invested in hospitals to accelerate capital restructuring.
- $150 million for new information systems for transition to primary care networks.
- $100 million over four years to expand primary care.
- $110 million for improved medical supervision in home care settings and improved psychiatric services.
- $54 million annually for priority programs such as cancer care, end-stage renal disease and cardiac care.
- $180 million System Management Fund.
- $75 million to transfer doctors in Academic Health Science Centres to alternate payment plans.
- $45 million at maturity for expanding Telehealth.
- $4 million for free tuition to medical students willing to practise in rural and northern areas.
- Increasing number of spaces for medical students.
- Tripling Ontario Innovation Trust by an additional endowment of $500 million for research infrastructure, including cancer research facilities.
- $30 million for the development of a comprehensive plan to prevent stroke and treat and rehabilitate victims.
- $10 million for a Patients' Bill of Rights.
- Tying hospital funding to service performance.
- $235 million for the hospital sector, primarily for transitional issues as health care restructuring continues.
- $21 million over three years for projects testing blood conservation and bloodless surgery techniques.
- $10 million over two years for the Health Integration Program.
- $6 million annual increase to strengthen detection, investigation and prosecution of individuals defrauding the health care system.
- $3.5 million for bridge training for foreign-trained nurses and other professionals to meet Ontario licensing standards.
- $1 million to provide treatment of tuberculosis for persons not covered by medical insurance and for equipment to double the enrolment of MRI technologists at the Michener Institute.
- Pilots for reform of Ontario's health rehabilitation system.
- $6 million in annual funding to provide education and training for Level II Neonatal units to hospital staff.

Free tuition to medical students willing to practise in rural and northern areas.

Helping Our Children Reach Their Full Potential

Mr. Speaker, of all the investments we make today, perhaps none is more important for the future of our province than those we make in our children.

Those are the kinds of investments that pay off many times over for all members of our society.

In each of our budgets we have taken steps to give Ontario's children a healthy start and a good education by removing barriers so that all children across this province can realize their full potential.

Yet again this year, we are expanding children's health programs and illness prevention.

We are enhancing our successful Pre-school Speech and Language Program, introducing an infant hearing program and investing in treatment for an additional 5,000 young people with eating disorders.

"As a grandmother of three young children I cannot stress enough the importance of the early years and early intervention for children in need. The steps Ontario is taking will make a difference."

—Aonone Josselyn

Investing in Children's Health

- **Additional $6 million to extend the Pre-school Speech and Language Program to five-year-olds.**
- **$7 million annually to implement an infant hearing screening program.**
- **Annual increase of $7 million for initiatives to stem the growing problem of eating disorders.**
- **$4 million over two years to accelerate the expansion of the Electronic Child Health Network, bringing the Province's total contribution to the project to $11 million.**
- **$4 million to develop strategic directions addressing asthma prevention, education, clinical guidelines, treatment and control.**
- **$2 million more annually for nutrition programs in schools.**

The Early Years Study commissioned by our Government in 1998 indicates clearly that the first six years of life establish the foundation for learning, behaviour and health.

We are responding to the study's recommendations by moving forward on a number of the proposals.

Mr. Speaker, the $30 million Early Years Challenge Fund will be launched this fall as promised.

It will build on the success of the five demonstration projects we launched last year, to help parents and communities develop the resources needed to increase their children's learning potential in the early years.

"Preparing children for the future starts in the earliest years."

—1999 Ontario Budget Speech

Many young children learning to read are benefiting from programs that provide specially trained teachers, reading clinics and reading buddy programs.

We will invest an additional $70 million annually to enhance these programs and improve the reading skills of young students from Junior Kindergarten to Grade 3.

As part of our commitment to quality education in the early elementary grades, we will be providing additional funding of $101 million annually to reduce average class sizes in Junior Kindergarten to Grade 3.

My colleague Janet Ecker, Minister of Education, will be coming forward this spring with initiatives and legislation to improve education quality for all students, including secondary students.

I take particular pride in the fact that our Government has always placed a high value on improving access to a quality education for all our children. As you know, Mr. Speaker, in budgets past I have announced a wide range of measures that open doors for young people with special educational requirements, to help them reach their full potential.

We have also acted to provide parents and families with a greater voice in decisions about special education. We have established individual education plans for each child and province-wide standards for the provision of special education.

$140 million more for special education.

More can and will be done for these students, Mr. Speaker.

My inspiration in this regard comes from the courage and determination shown by my late son Justin, who was learning disabled. There are hundreds of thousands of Justins out there, Mr. Speaker, and they deserve an equal opportunity in life.

I am announcing $70 million annually in new special education funding. This funding will allow for early interventions and will expand programs for students with speech and language disorders and learning disabilities.

It will also be invested to increase the number of specialist teachers and professional supports.

This is in addition to the investment recently announced by the Minister of Education and brings the total increase in special education funding to $140 million for the next school year.

We are also providing $4 million in training funding so qualified assessors can test and identify young Francophone students with learning disabilities.

I would like to thank Dr. Bette Stephenson, my friend and Chair of the Learning Opportunities Task Force, for bringing this need to my attention, and for her advice and guidance in the area of special education.

Through the Ministry of Health, we are delivering on our promise by proposing to extend funding for the medical requirements of special needs students to include students in all denominational schools. This will eliminate unfair barriers for special needs children seeking a faith-based education. It is the fair and equitable thing to do, Mr. Speaker.

June Callwood, author and highly respected advocate for social justice, has worked with many organizations across Canada in the fight against child neglect and abuse.

She told me she believes Ontario can take a leadership position. I agree. So today I am announcing steps to continue to address important children's issues.

"Child abuse and neglect leave invisible scars that can linger long into adulthood. I believe that any investment we make in children today will pay enormous dividends in the future. I am pleased that the Ontario Government is taking leadership on this vital issue. While there is more to be done, Ontario has taken a significant first step."

—June Callwood

To recognize the special circumstances faced by working single parents, I am proposing the introduction of a new benefit for single parents as part of the Ontario Child Care Supplement for Working Families.

This change would increase the maximum annual benefit by $210 for each child under age seven in single-parent families. We expect this new benefit to assist 77,000 children across Ontario.

Ontario is prepared to invest up to $50 million over five years as part of a $100 million challenge to the federal government to join us in providing additional support for the children of low-income, working single parents.

We also call upon the federal government to reduce the high effective marginal tax rates faced by low-income families.

We realize that single parents with disabled children face unique obstacles and we want to look at ways to help these families.

"The Government is committed to improving the health and safety of children in Ontario."

—1998 Ontario Budget Speech

In the coming months, my colleagues, the Honourable Helen Johns, the Minister Responsible for the Disabled, and the Honourable John Baird, the Minister Responsible for Social Services, will be bringing forward joint recommendations on steps that can be taken to help these families build better lives.

We are also taking June Callwood's advice and establishing a $5 million prevention and intervention program in schools that will help teachers identify when children, especially in the primary years, may be at risk of neglect or physical or emotional harm.

And, Mr. Speaker, the additional funding made available under the National Child Benefit will be invested in a wide range of initiatives that will help the children of Ontario.

The welfare rolls have been reduced by over 485,000 people since June 1995.

Investing in Children and Youth

- Launching $30 million Early Years Challenge Fund.
- $70 million annually to improve the reading skills of students from Junior Kindergarten to Grade 3.
- $101 million annually to reduce average class sizes in Junior Kindergarten to Grade 3.
- Increase in special education funding will be $140 million for the next school year.
- $4 million to train assessors to test and identify young Francophone students with learning disabilities.
- Extending funding for the medical requirements of special needs students to include students in all denominational schools.
- Increase in child care support benefit of up to $210 per year for each child under seven in low-income, single-parent families, as part of a $100 million challenge to the federal government to support children of low-income, working single parents.
- $5 million annually to implement a prevention and intervention program in schools to help teachers identify when children, especially in the primary years, may be at risk of neglect or physical or emotional harm.
- $6 million over three years to a Community Sport Opportunity Fund to encourage underprivileged youth aged 6 to 16 to participate in sports.
- $2 million annually for four years to develop and implement local strategies to address the problem of child prostitution.
- Raising awareness of Early Years by supporting TVO to develop good parenting resources.
- Establishing a Youth Reference Board to advise the Minister Responsible for Children.

"Ontarians can be proud of their Government's initiatives to open doors for learning disabled children. The increasingly successful experience at the post-secondary level is just one indication of their value."

—Dr. Bette Stephenson

Chair, Learning Opportunities Task Force

Building Strong Communities in Every Region

Ontario's youth deserve equal opportunity no matter what community they live in, no matter what region.

These are the places, Mr. Speaker, where our children play, learn and grow up.

Where all Ontarians live and work.

As we enter a new century, our Government is focused on continuing to build Ontario's communities, large and small, urban and rural.

Industries such as agriculture, tourism, mining and forestry are a vital component of Ontario's economy, especially in rural and northern regions.

Ontario's 67,000 farmers and their families make a major contribution to the social and economic fabric of our province. Our Government recognizes that contribution.

"Investing in those places where the people of Ontario live and work means helping Ontarians to build better lives for themselves and their families."

—1999 Ontario Budget Speech

Thanks to the strong advocacy of my colleague the Honourable Ernie Hardeman they are finally receiving their fair share of federal agriculture safety-net funding, an additional $30 million or more.

We will also meet our commitment to provide a 40 per cent share, which will bring the total amount of safety-net funding for farmers to about $230 million per year.

I am pleased to announce that we propose to convert the Retail Sales Tax rebate program for farm building materials to a point-of-sale exemption.

This was requested by the Premier's Task Force on Rural Economic Renewal.

Mr. Speaker, the Task Force also identified a variety of barriers to economic growth facing rural Ontario. To address these unique challenges, we are establishing a $600 million Ontario Small Town and Rural Development initiative.

This new approach to building our rural communities will include $200 million for economic development and $400 million for infrastructure through SuperBuild.

We are doing this so the benefits of strong economic growth are shared across rural and small town Ontario. We are also responding by providing $300 million over five years as part of a renewed mandate for the Northern Ontario Heritage Fund to ensure that Northern Ontario communities are full participants in Ontario's strong economy. We will double the annual funding to $60 million.

When we came into office, we made a commitment to the mining industry that we would consider tax relief for the sector when the budget was balanced. Today I am honouring this commitment.

Home resales advanced 7.4 per cent in 1999, to a record 148,660.

I am proposing to cut Ontario's Mining Tax rate in half, from 20 per cent to 10 per cent, over five years.

Although the federal government missed the opportunity to recognize this critical sector, our Government is acting to provide tax relief. So today, Mr. Speaker, I am proposing to increase tax incentives provided for investors in flow-through shares. We challenge the federal government to do the right thing with respect to this sector as well.

We also intend to provide a 10-year Mining Tax exemption for new remote mines and we will create new geoscience information that will encourage more exploration for new mines to create jobs in Northern Ontario.

Investing in Rural and Northern Communities

- Obtained a fair share of federal safety-net funding.
- Converting Retail Sales Tax rebate program for farm building materials to a point-of-sale exemption.
- $600 million for Ontario Small Town and Rural Development initiative.
- $300 million over five years as part of renewed mandate for the Northern Ontario Heritage Fund.
- Cutting the Ontario Mining Tax rate from 20 per cent to 10 per cent over five years.
- Increasing tax incentives provided for investors in flow-through shares.
- 10-year Mining Tax exemption for new remote mines.
- New geoscience information to encourage exploration for new mines.
- $3 million for advanced technologies for mineral exploration.
- $23 million more in 2000-01 for school transportation, with a focus on rural and Northern Ontario.

"When communities have the capacity to generate a vision for their future, and have the tools to make this dream a reality we will have a stronger, more vibrant rural Ontario."

—Mary Smiley

Director, Foundation for Rural Living

In addition to new infrastructure investments for rural and northern communities, I am launching the new SuperBuild Millennium Partnerships initiative. It will invest $1 billion over five years in public-private partnerships for strategic infrastructure: environmental projects and projects for the economic development of urban centres across Ontario.

We are also signalling today that in response to the innovative and exciting Fung Report, the Ontario Government is ready, willing and able to do our part to revitalize Toronto's waterfront and to make Toronto's 2008 Olympic bid a resounding success.

Our Government recognizes the important role that sports, recreation, cultural and tourist attractions play in the growth and development of our province. We will invest $300 million over five years in the SuperBuild Sports, Culture and Tourism Partnerships initiative, in order to rebuild and enhance publicly owned local facilities, as well as expand major cultural and tourist attractions.

"By consolidating infrastructure spending and emphasizing partnerships we will focus on investments that are both strategic and innovative."

—1999 Ontario Budget Speech

Mr. Speaker, I am pleased to announce the first projects to be funded through this initiative. We plan to contribute $15 million towards a new $30 million project at the Ontario Science Centre. We will also contribute $2 million towards redeveloping the Avon Theatre in Stratford.

And we are spending an additional $50 million over four years, Mr. Speaker, to promote our province and the world-class tourism opportunities that exist here at home.

Last year, we made a record investment in the highways that link our communities. Today, I am announcing that we will spend $1 billion this year on Ontario's highway system—a new record investment.

Infrastructure investment keeps Ontario moving, and moving forward, Mr. Speaker.

Department store sales jumped 7.5 per cent in 1999.

Investing in Infrastructure and Community Development

- $1 billion over five years for the SuperBuild Millennium Partnerships initiative.
- $300 million over five years for the SuperBuild Sports, Culture and Tourism Partnerships initiative, including the Ontario Science Centre and the Avon Theatre in Stratford.
- Additional $50 million over four years to support tourism.
- $1 billion record commitment to Ontario's highway system in 2000-01.
- Enhancing Arts Endowment Fund by $25 million over three years.

"If Ontario is to continue to grow economically and Ontario businesses are to continue to be competitive export markets, a vastly improved highway system is a prerequisite."

—Bob Bradford

Executive Director, The Ontario Road Builders' Association

Cutting Property Taxes

- Supporting communities by cutting education property taxes by more than $1 billion through a reduction of more than $500 million for business and $500 million for residential taxpayers.
- Half of the promised 20 per cent cut to the residential education tax rate over five years has been delivered.
- In 1998, committed to reduce education taxes on businesses that were paying more than the average business education tax rate of 3.3 per cent over eight years. To date, taxes have been cut almost $200 million or 40 per cent of the total commitment of over $500 million.
- Committed to match municipal tax cuts on business dollar for dollar with accelerated education tax cuts in municipalities where education tax rates are above the average.
- In 1999, matched municipal tax cuts with accelerated business education tax cuts in Brockville, Belleville, Hamilton-Wentworth Region, Niagara Region and New Liskeard.
- Municipalities' costs for Local Service Realignment decreased by $470 million since March 1998, as a result of municipal and provincial efforts. It is important to ensure that these savings are passed on to property taxpayers, thus providing an opportunity for further reductions in property taxes.

Housing starts soared 24.9 per cent in 1999, reaching a decade high of 67,235.

Supporting Safe Communities

Our communities not only need to be strong; they need to be safe.

In my pre-budget consultations, I met with law enforcement officers who told me we need to do more to protect our seniors, fight organized crime and reduce youth crime. I would like to thank them for that advice. I would also like to respond to them by doing what they have asked us to do.

We are establishing a permanent Community Policing Partnership Program with $35 million a year in funding.

We are providing $6 million in annual funding to establish three new specialized OPP policing teams that will be deployed province-wide.

The Electronic Crime (E-Crime) Squad will build the capacity and expertise needed to respond to the emerging threat of computer crimes.

The Seniors' Assistance Squad will crack down on criminal activities that target senior citizens and work with them to prevent victimization.

A special safety team will provide intensive patrols on Ontario's snow trails and waterways to ensure effective enforcement of the law.

At the same time, we want to increase the fight against organized crime through the strategic deployment of the Organized Crime Joint Force operations for police and prosecutors.

"Our plan places a high priority on improving safety in our communities and dealing with violent crime."

—1997 Ontario Budget Speech

We are building on our innovative approach to dealing with youth crime by expanding existing programs targeting youth crime and violence, Mr. Speaker. Over the next two years we plan to triple the number of sites for the Youth Justice Committee Pilot Program from 6 to 18 new sites.

The Probation Officers' Association of Ontario told me that we needed more probation and parole officers to improve community safety. Mr. Speaker, I am announcing the addition of 165 new probation and parole officers to provide more intensive and frequent monitoring of offenders, and to assist in restricting the movements of offenders serving sentences in the community.

Ontario's economy grew 5.7 per cent in 1999, 50 per cent higher than private-sector predictions.

This is part of our new $18 million Strict Discipline model for Community Corrections.

Mr. Speaker, our Government continues to deliver the message that we stand on the side of victims of crime. We intend to make permanent the Office for Victims of Crime. This office will provide advice to the Government in the development of an overall framework for victims' services.

In last year's budget, we doubled the number of Domestic Violence Courts. This year, we will provide additional funding to increase the number by a further 50 per cent. To expand associated supports we are enhancing, by $10 million in annual funding, the programs that support women and children who have experienced domestic abuse.

"Governments of the future need to rise to meet the new challenges of technology with strong commitments to community safety and crime prevention. This Government is demonstrating its commitment to safe communities and I commend them for their efforts."

—Brian Adkin

President, Ontario Provincial Police Association

Investing in Safe Communities

- **A permanent Community Policing Partnership Program with funding increased to $35 million.**
- **$2 million annually to create a specialized OPP team to respond to the emerging threat of computer crimes.**
- **$2 million annually to establish a specialized OPP team to fight crimes that target senior citizens.**
- **$2 million annually to establish a specialized OPP team to provide intensive patrols on Ontario's snow trails and waterways.**
- **$4 million for the strategic deployment of specialized police forces and dedicated legal resources to focus on organized crime.**
- **$3 million to expand the Youth Justice Committee pilot and enhance programs targeting youth crime and violence.**
- **165 new probation and parole officers as part of new $18 million Strict Discipline model for community corrections.**
- **$1 million to permanently establish the Office for Victims of Crime.**
- **$10 million to expand Domestic Violence Court Programs.**
- **$10 million annually for programs that support women and children who have experienced domestic violence.**
- **$2 million to increase the number of Supervised Access Sites.**
- **$15 million over four years to modernize and resolve health and safety issues in OPP detachments, the Ontario Fire College and the Coroner's Office.**
- **$6 million to assist municipalities in adopting justice sector technology initiatives.**

Giving Our Young People the Tools to Succeed

Mr. Speaker, as opportunities open up in cities and towns across Ontario we must provide our young people with the skills and access they need to take advantage of those opportunities. That means finding new and innovative ways to link post-secondary education and training programs with the private sector.

As St. Clair College in Windsor builds a new automotive and engineering technology department, DaimlerChrysler is right there with them through a SuperBuild partnership.

Helping the college realize this important goal is more than an investment in infrastructure for DaimlerChrysler, it is an investment in their own skilled workforce—for today and for tomorrow.

Similarly, at Durham College, a partnership of seven private-sector organizations, including GM and the Canadian Auto Workers, is creating a new Manufacturing and Information Technology Centre. This state-of-the-art facility will include new classrooms, labs and shops, and provide spaces for more than 3,000 additional students.

"Our plan will allow us to take major steps forward in supporting college and university students and maintaining their access to an affordable education."

—1998 Ontario Budget Speech

Mr. Speaker, a new Apprenticeship Innovation Fund will provide $15 million over three years to modernize classroom training for existing programs and introduce opportunities in new trades.

While we are encouraging partnerships like these, we are also increasing access to education so that there will be a space in college or university for every qualified student who wants to obtain a post-secondary education.

Mr. Speaker, I am pleased to announce that we have provided another $286 million of our SuperBuild investments to expand and renew our colleges and universities. This funding will support an additional 24 capital projects that will create spaces for 15,587 more students.

Our total $1 billion investment through SuperBuild, combined with our partners' contributions, will result in a total of $1.8 billion invested for more than 73,000 new student spaces in Ontario's colleges and universities. Mr. Speaker, this is the largest capital investment in our post-secondary system in more than 30 years.

$1.8 billion invested for more than 73,000 new student spaces.

Mr. Speaker, we are investing in skills for jobs. We are investing in the youth of Ontario.

Investing in Skills for Jobs

- $15 million over three years for new Apprenticeship Innovation Fund to modernize classroom training and introduce opportunities in new trades.
- Additional $286 million invested, for a total $1 billion SuperBuild investment, towards more than 73,000 new student spaces in Ontario's colleges and universities.
- A new Educational Technology Tax Incentive for donations of equipment and technology to colleges and universities.
- Eliminating the RST on all donations to educational institutions.
- $5 million for TVO to develop workplace training delivery in partnership with the private sector.
- Increasing the study-period employment and scholarship exemptions for students in colleges, universities and vocational schools who receive OSAP loans.
- Doubling funding for the Ontario Work-Study Plan to enable universities and colleges to hire twice as many students and help deserving students complete their studies.
- Increasing the number of Ontario Graduate Scholarship awards by more than 50 per cent and increasing the value of each scholarship to $15,000.

"Our relationship with St. Clair College forges a link that benefits not only DaimlerChrysler Canada, but also Ontario and its dynamic economy. Ontario needs a highly skilled workforce and DaimlerChrysler needs community college graduates who are productive from day one."

—Edwin H. Brest

President and CEO,
DaimlerChrysler Canada Inc.

Fostering Research and Innovation

We are investing in new technologies, fostering research and development activities and ensuring that businesses have workers with the skills they need to compete with the best in the world.

We are committed to giving our young people the freedom and tools to innovate.

Investing in Skills for Tomorrow

- **$2 million over three years to undertake training for women in the information technology sector.**
- **$2 million to expand the successful Women in Skilled Trades program for pre-apprenticeship in the auto parts sector.**
- **$5 million over five years for community and school-based programs to raise youth's awareness of science and technology.**
- **$1.4 million to expand the successful Ontario Youth Apprenticeship Program to all school boards offering secondary education.**

"Ontario must continue to attract and retain talented knowledge workers to remain a world leader in high-technology industries."

—1999 Ontario Budget Speech

Our additional endowment of $500 million through SuperBuild to the Ontario Innovation Trust will furnish our research institutions with the labs and equipment to be at the leading edge of scientific, technical and medical research.

Mr. Speaker, today I am also announcing the establishment of a new Ontario Research Performance Fund to provide over $30 million annually to colleges, universities and research institutes. This will cover overhead costs associated with Ontario-funded research.

The Province of Ontario is prepared to fund the costs associated with our own research. We expect the federal government will likewise cover the indirect costs associated with their own sponsored research.

This Government's investments in research and development, in partnership with the private sector and Ontario's post-secondary institutions, are paying off with a number of new companies being created through spin-offs from research.

New R&D-intensive companies are increasingly using stock options to attract and retain highly skilled employees. Our Government is committed to providing a competitive tax system to help these young Ontario companies find and keep bright, innovative minds.

We will be introducing legislation so that the first $100,000 each year in taxable employment benefits arising from designated stock options and capital gains will not be taxed by the Province of Ontario.

I encourage the federal government to join us and do the right thing for these innovative companies and their employees.

Ontario Innovation Trust tripled to $750 million.

We are proposing to exclude from the Employer Health Tax base the stock option benefits of employees of R&D-intensive companies.

Ontario's television and film industries make up a leading-edge sector that has grown rapidly over the last five years and now directly employs over 10,000 people. This sector spends over $1 billion in production in Ontario, Mr. Speaker.

The changes we propose will foster the growth of those industries by increasing the effectiveness of our tax credits and establishing regional incentives.

And we will invest $30 million over five years for the creation of the new Ontario Media Development Corporation.

"Innovation is not simply about the creation of new technology or applications, more importantly it is about establishing an innovation culture that sees both the public and private sector collaborating naturally to produce new discovery that benefits us all. Ontario is doing just that."

—Dr. Sheldon Levy

President, Sheridan College

Investing in Research and Innovation

- **$30 million annually for new Ontario Research Performance Fund.**
- **Personal income tax exemption for first $100,000 each year in taxable employment benefits that research employees derive from stock options and capital gains from the sale of shares acquired with such options.**
- **Excluding from the Employer Health Tax base the stock option benefits for employees of R&D-intensive companies.**
- **Making the Ontario film and television tax credit less complex and more effective and proposing a new regional bonus.**
- **$30 million over five years for the creation of the Ontario Media Development Corporation, which will assume the functions of the Ontario Film Development Corporation and the administration of tax credits from the Ministry of Citizenship, Culture and Recreation.**
- **Expanding the Sound Recording tax credit.**
- **Expanding the Interactive Digital Media tax credit.**
- **Enhancing the Book Publishing tax credit.**
- **Doubling the R&D Challenge Fund to $100 million.**
- **Doubling annual funding for the Premier's Research Excellence Awards.**
- **Reduction of the rate of Gross Receipts Tax on telephone and telegraph companies to three per cent for 2000, two per cent for 2001, one per cent for 2002 and its elimination in 2003.**
- **Examining legislation as it applies to community-based investment funds and labour sponsored investment funds to ensure that a stable and growing pool of venture capital is available.**

Increasing Competitiveness and Creating Jobs

As we experience renewed growth and prosperity in Ontario we must continue to look to the future. Just as more people today are getting jobs, we need to make sure that jobs are there for our children and for generations to come.

Attracting new and innovative businesses to Ontario and increasing the competitiveness of the companies that are here will create even more employment opportunities for tomorrow and increase the standard of living for all Ontarians. Corporate tax cuts will help make that happen.

"Many individual small business owners have told us that further cuts to small business taxes would help them create even more jobs."

—1998 Ontario Budget Speech

The Preliminary Working Group of the Business Tax Review Panel has provided me with initial recommendations on ways to increase tax fairness and attract companies to Ontario. The Panel will continue to examine more ways to further create jobs through our personal, corporate and property tax systems.

I look forward to their advice. However, we are taking action immediately.

Currently, the general corporate tax rate is 15.5 per cent and the rate on manufacturing and processing income is 13.5 per cent. I am proposing a comprehensive strategy to cut both the general corporate income tax rate and the manufacturing and processing rate to eight per cent by 2005.

Mr. Speaker, this will be the lowest general corporate income tax rate in Canada.

When our tax cut plan is fully in place, the combined Ontario and federal corporate income tax rate would also be more than 10 percentage points lower than the average rate of the U.S. Great Lakes states, our biggest competitors for businesses and jobs.

I challenge the federal government to match our reductions and make us the most competitive jurisdiction in North America.

I am proposing to further reduce small business rates by accelerating and enhancing Ontario's small business tax cut plan from eight per cent today to four per cent in 2005, the lowest in Canada.

Business building permits rose an average of 23.8 per cent per year over the past three years.

We are responding to the Canadian Federation of Independent Business, by proposing to expand over the next five years, the amount of income that is eligible for the lower small business corporate income tax rate to $400,000 from its current level of $200,000, which has been the level for almost 20 years.

When fully implemented, the income limit at which the small business rate is phased out would be $1 million. Mr. Speaker, updating this income threshold will help more than 7,500 of Ontario's growing small businesses.

To level the playing field with other self-employed individuals who can choose whether or not to operate their businesses through a corporation, our Government proposes that the right to incorporate be extended to all regulated professionals.

Growing businesses, more consumer spending and more opportunity. There can be no doubt that there is a renewed spirit of optimism in our province.

"Your Government's continued efforts to improve the business climate in Ontario, cut taxes and stimulate greater economic activity in this province have been highly successful. Congratulations."

—Faris Shammas

Executive Director, Canadian Plastics Industry Association

Investing for a Competitive Environment

- **Reducing the general corporate tax rate from 15.5 per cent to 8 per cent by 2005, starting with a one-point rate reduction immediately and followed by another one-half-point reduction next January 1.**
- **Reducing the manufacturing and processing tax rate from 13.5 per cent to 8 per cent by 2005, starting with a one-point rate reduction immediately and followed by another one-half-point reduction next January 1.**
- **Cutting the small business tax rate to 4 per cent by 2005.**
- **Expanding the number of small businesses benefiting from Ontario's small business tax rate.**
- **Allowing all self-employed regulated professionals to incorporate.**
- **Examining capital market regulation to ensure financial markets meet entrepreneurs' and businesses' demand for capital.**
- **Exempting deposit insurance premiums from Ontario Retail Sales Tax for credit unions and caisses populaires.**
- **Merging the Ontario Securities Commission with the Financial Services Commission of Ontario.**

Consumer spending surged 4.1 per cent in 1999.

Giving Ontarians Back More of Their Own Money

The evidence is irrefutable, Mr. Speaker. Tax cuts do create jobs. More than 700,000 jobs since 1995.

Our 99 tax cuts to date are fuelling robust economic growth in Ontario, allowing us to balance the books a full year early and support unprecedented levels of investment in priority services.

Mr. Speaker, I am pleased to announce an additional 67 tax cuts today. This brings to 166 the total number of tax cuts we have provided to Ontarians since we came to office.

Last year, we promised to reduce Personal Income Tax by 20 per cent over five years. With the measures I am proposing today, we are well on our way to meeting that commitment. Next year's budget will fully deliver our 20 per cent reduction, ahead of schedule.

Today I am announcing that we intend to cut taxes yet again for Ontarians with lower incomes, unlike the federal government which chose not to reduce the low income tax rate.

Ontario will cut the lowest tax rate by five per cent. This is the fair thing to do and I urge the federal government to do the same.

"The Ontario tax cut means more tax relief for more people."

—1998 Ontario Budget Speech

We also want to reduce the tax rate for middle-income taxpayers so they too can keep more of their hard-earned money.

We plan to restore full indexation to Ontario's personal income tax system to eliminate bracket creep, ensuring that no Ontario taxpayer will pay more tax just because their income increases to keep up with inflation.

Mr. Speaker, in recent months, the costs of driving have received a great deal of attention as fuel costs have risen.

Instead of reducing fuel taxes, a move that does not ensure consumers would realize the benefits, we have chosen to take action that will give consumers a direct benefit.

Effective midnight tonight, we plan to phase out the Retail Sales Tax on motor vehicle insurance premiums by one point per year until it is fully eliminated.

I am proposing a phase-out of the rate of sales tax applied to repairs and replacements made under warranty over the same period. Effective midnight tonight, the rate would be reduced to 6 per cent.

Mr. Speaker, people at all income levels are investing in the hopes of realizing gains. Taxation on capital gains should be fair and reasonable. So beginning on January 1, 2001, I am proposing that the amount of gain taxed be reduced from two-thirds, as proposed by the federal government, to 50 per cent, over four years.

"We favoured the approach your government took, which was a measured tax reduction and deficit reduction."

—Catherine Swift

President and CEO,

Canadian Federation of Independent Business

Mr. Speaker, again we challenge the federal government to do the *right* thing—administer our reduction for Ontarians and provide a matching reduction on their capital gains tax too.

We are also challenging the federal government to move quickly to assist Ontarians who are limited in what they can contribute to registered savings vehicles by the current federal maximum on tax-deductible contributions.

We know that to provide a secure retirement for Ontarians, the RRSP contribution limit should be increased to $15,500. We understand this requires federal cooperation so we would match with Ontario tax relief any federal increases in the RRSP limits.

And, Mr. Speaker, next year we expect to fully implement a "Made-for-Ontario Tax System." When we have our own income tax system, we plan to eliminate personal income surtaxes.

Mr. Speaker, personal income tax cuts have allowed us to balance the budget and begin to tackle the debt;

Invest in health care;

Invest in Ontario's children;

Invest in our communities; and,

Invest in research and innovation.

Tax cuts have paid real dividends in terms of a strong economy and jobs in Ontario. Now I am proposing that the working men and women of this province get another tax cut in the way of a dividend—a Taxpayer Dividend.

Today I am announcing that we intend to give $1 billion of the taxpayers' money back to them. Under this plan, every Ontarian who paid personal income tax to Ontario last year will receive a dividend of up to $200 each.

"Allowing Ontarians to keep more of their own hard-earned money...has meant that they are spending more and investing more, boosting our economy and creating jobs."

—1999 Ontario Budget Speech

Money Back to Ontarians

- Cutting the lowest personal income tax rate by 5 per cent to 6.20 per cent.
- Cutting the middle personal income tax rate from 10.01 per cent to 9.24 per cent.
- Eliminating bracket creep by restoring full indexation to Ontario's personal income tax system.
- Phasing out the Retail Sales Tax on motor vehicle insurance premiums by April 1, 2004.
- Phasing out Retail Sales Tax applied to repairs and replacements made under warranty by April 1, 2004.
- Reducing amount of capital gains taxed from two-thirds to 50 per cent over four years.
- Calling on the federal government to quickly increase RRSP maximum contribution limits to $15,500.
- Making permanent the Land Transfer Tax refund of up to $2,000 for first-time buyers of new homes.
- Taxpayer Dividend of up to $200 to every Ontarian who paid 1999 Ontario personal income tax.

YOUR BUDGET, YOUR FUTURE

Mr. Speaker,

"Governments must at all times pioneer a pathway for the people. To a large degree the engineering plan for that pathway is the Government's budget. A modern budget is not simply a bookkeeping statement or a testimony to financial management. It is a deliberate instrument of social and economic guidance. It is part of the very fabric of our society and our economy".

Those were the words Treasurer Charles McNaughton delivered in this House in 1969 when he announced the books were balanced. Those words ring equally true today, some 31 years later.

For our part, Mr. Speaker, we have pioneered that pathway by redefining how government works for the people.

By recognizing that prosperity is achieved not just for Ontarians, but by Ontarians—the people who work hard, create jobs and raise their families in communities all across our province.

By letting those people keep more of their own money to spend, save or invest in the things they want, not the things the government wants.

By ensuring taxpayers' dollars are focused on those services that are their priorities.

By finding innovative approaches to building our hospitals, our schools, our highways and our communities.

And by lifting the burden of debt from our children's shoulders, without resting it squarely on taxpayers' backs today.

This budget clearly proves that the path we are following is the right one.

Balanced Budgets – Brighter Futures.

Thank you, Mr. Speaker.

General enquiries regarding policy in the
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